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HOUSE BILL NO. 2694

AMENDMENT IN THE NATURE OF A SUBSTITUTE
 (Proposed by the Senate Committee on Education and Health
 on February 18, 1999)

(Patron Prior to Substitute—Delegate Scott)

A BILL to amend the Code of Virginia by adding in Title 23 a chapter numbered 4.4:4, consisting of sections numbered 23-38.53:12 through 23-38.53:15, and by adding in Article 3 (§ 58.1-330 et seq.) of Chapter 3 of Title 58.1 a section numbered 58.1-339.6, relating to the creation of the Advantage Virginia Incentive Program.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 23 a chapter numbered 4.4:4, consisting of sections numbered 23-38.53:12 through 23-38.53:15, and by adding in Article 3 (§ 58.1-330 et seq.) of Chapter 3 of Title 58.1 a section numbered 58.1-339.6, as follows:

CHAPTER 4.4:4.*Advantage Virginia Incentive Program.*

§ 23-38.53:12. Program created; purpose; designation of occupational areas of high demand.

A. There is hereby created the Advantage Virginia Incentive Program (AVIP) to provide scholarships to students attending public institutions of higher education in Virginia who become employed in occupational areas of high demand in the Commonwealth. Pursuant to § 23-38.53:15, funds may be paid to any public institution of higher education in Virginia on behalf of students who have been awarded AVIP scholarships. The Statewide Workforce Advisory Council created in § 9-329.1 shall promulgate regulations to implement the provisions of this chapter.

B. By September 1 of each year, the Statewide Workforce Advisory Council shall designate (i) occupational areas of high demand in the Commonwealth; (ii) professions and skill areas directly related to such occupational areas of high demand; and (iii) two- or four-year degree programs or certifications directly leading to employment in such occupational areas of high demand. In making such designations, the Council shall (i) consult with the Secretaries of Commerce and Trade, Education, and Technology, and the State Council of Higher Education, representatives from private sector businesses, labor organizations, trade associations, public agencies, and private companies with expertise related to labor markets or geographic and demographic analyses, and (ii) seek to ensure that the diverse needs of the Commonwealth are considered and that such designations reflect Virginia's broad, long-term economic, educational, and public policy interests in both the public and private sectors.

§ 23-38.53:13. Advantage Virginia Incentive Fund created.

A. There is hereby created in the Department of the Treasury a special nonreverting fund which shall be known as the Advantage Virginia Incentive Fund, hereinafter referred to as the "Fund." The Fund shall be established on the books of the Comptroller, and any funds remaining in the Fund at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Interest earned on such funds shall remain in the Fund and be credited to it. Pursuant to § 23-38.53:15, funds may be paid to any public institution of higher education in Virginia on behalf of students who have been awarded AVIP scholarships.

B. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the State Comptroller upon request from the Statewide Workforce Advisory Council from such funds as are appropriated for this purpose and from such gifts, donations, grants, bequests, and other funds as may be received on its behalf.

§ 23-38.53:14. Eligibility for AVIP; criteria for maintaining scholarships.

A. Only students who (i) are domiciled in Virginia as defined by § 23-7.4, (ii) have obtained a high school diploma with a cumulative secondary school grade point average of at least 2.5 on a scale of 4.0 or its equivalent, (iii) are accepted for enrollment in any two- or four-year public institution of higher education in Virginia, and (iv) demonstrate financial need, as defined by the State Council of Higher Education, shall be eligible to receive AVIP scholarships.

B. All scholarships shall be awarded for one year, but may be renewed annually for no more than seven years, or may be renewed for ten nonconsecutive semesters, if the recipient maintains at least a 2.0 grade point average on a scale of 4.0 or its equivalent and demonstrates continued financial need.

§ 23-38.53:15. Amount of scholarships; contract terms and conditions; repayment of scholarship through employment in an occupational area of high demand.

A. An eligible student may participate in AVIP for up to ten semesters, or their equivalent, whether or not consecutive, and may be awarded a scholarship of up to \$2,500 per academic year by the Statewide Workforce Advisory Council, not to exceed a maximum of \$10,000, to be used for tuition, books, or fees. No student shall participate in AVIP more than seven years after beginning such

60 participation.

61 B. Before an AVIP scholarship is awarded, a student shall sign a written contract under the terms of
62 which he agrees to be employed in an occupational area of high demand within the Commonwealth, as
63 designated by the Statewide Workforce Advisory Council pursuant to § 23-38.53:12. Such employment
64 shall begin within one calendar year after the student's graduation from a public institution of higher
65 education in Virginia and continue thereafter until he has been continuously employed in an
66 occupational area of high demand in the Commonwealth for a period of years equal in number to the
67 years that he has been a beneficiary of an AVIP scholarship. The employment qualifying as repayment
68 of an AVIP scholarship shall be approved by the Statewide Workforce Advisory Council on a yearly
69 basis, with each year of approved employment qualifying the student for repayment of one year's AVIP
70 scholarship.

71 C. The contract shall provide that, if the student fails to comply with the provisions thereof, he shall
72 repay to the Fund all amounts received by him as a beneficiary of an AVIP scholarship with interest,
73 such repayment to be upon such terms and conditions as may be determined by the Statewide Workforce
74 Advisory Council. Such contract shall contain such other provisions as may be necessary, convenient, or
75 desirable in the opinion of the Statewide Workforce Advisory Council to accomplish the purposes of this
76 chapter.

77 D. As further evidence of the student's promise to make repayment through employment in an
78 occupational area of high demand, he shall, as to each AVIP scholarship awarded to him and at the
79 time such scholarship is awarded, be required to execute and deliver to the Statewide Workforce
80 Advisory Council a note in a principal sum equal to the amount of such scholarship with interest and
81 penalties, if any, to be determined by the Statewide Workforce Advisory Council. The note shall be
82 accepted by the Statewide Workforce Advisory Council upon the condition that such note, and any other
83 similar notes so given, shall be cancelled by the Statewide Workforce Advisory Council upon the basis
84 of one note for each year in which the student shall be continuously employed in an occupational area
85 of high demand in the Commonwealth. No student shall be permitted to plead the statute of limitations
86 or interpose a plea of infancy in the event of an action being brought against him on any such note.

87 E. As part of its regulations to implement the provisions of this chapter, the Statewide Workforce
88 Advisory Council shall specify repayment procedures in the event a student fails or refuses to maintain
89 eligibility for AVIP during the scholarship year or to fulfill the terms and conditions of his contract. All
90 money repaid by the student shall be placed in the Fund created in § 23-38.53:13 of this chapter.

91 F. Nothing in this section shall be construed to require the Statewide Workforce Advisory Council to
92 enter into contracts with students who otherwise qualify for AVIP when funds are not available for such
93 purpose or as a promise or guarantee by the Council that a person will be (i) admitted to a public
94 institution of higher education in Virginia or a particular public institution of higher education in
95 Virginia, (ii) allowed to continue to attend a public institution of higher education in Virginia after
96 having been admitted, or (iii) graduated from a public institution of higher education in Virginia.

97 § 58.1-339.6. Credits for contributions to the Advantage Virginia Incentive Fund.

98 A. Effective for taxable years beginning on or after January 1, 2000, any individual, trust, estate, or
99 corporation making a contribution to the Advantage Virginia Incentive Fund established in
100 § 23-38.53:13 shall be entitled to a credit equal to the amount of such contribution, subject to the
101 limitations hereinafter, against the tax imposed by Articles 2 (§ 58.1-320 et seq.), 6 (§ 58.1-360 et seq.)
102 and 10 (§ 58.1-400 et seq.) of Chapter 3; Chapter 12 (§ 58.1-1200 et seq.); Article 1 (§ 58.1-2500 et
103 seq.) of Chapter 25; and Article 2 (§ 58.1-2620 et seq.) of Chapter 26 of this title. If the amount of such
104 credit exceeds the taxpayer's tax liability for such taxable year, the amount that exceeds the tax liability
105 may be carried over for credit against the taxes of such taxpayer in the next five taxable years or until
106 the full credit is used, whichever occurs first. Credits granted to a partnership or electing small business
107 corporation (S Corporation) shall be passed through to the partners or shareholders, respectively.

108 B. In no event shall the total cumulative credit allowed by this section exceed \$100,000 for any
109 taxpayer in any year.